

AR60

Winspear Business Reference Room
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2P1

PERFECT FRY

ANNUAL REPORT 1994

CORPORATION



CORPORATE PROFILE

Perfect Fry Corporation is a public company which manufactures the Perfect Fry, UL listed, 686 self-venting, table top, deep fryer for the fast food industry. Food products commonly used are french fries, chicken wings and onion rings.

In 1994 Perfect Fry successfully negotiated a major dealer distribution contract with Fry Guy Inc. of Las Vegas giving Perfect Fry a base for long-term

sales in the 50 States. Fry Guy will market to some of the largest food suppliers and retail outlets in the North American fast food industry.

Perfect Fry's sound financial planning and effective operating strategies will continue to guide our growth in 1995 as we continue to service our existing distribution agreements and develop new worldwide contacts.



Perfect Fry 686 counter
top ventless deep fryer

ANNUAL MEETING

The Annual Meeting of shareholders of Perfect Fry Corporation for the fiscal year 1994 will be held on April 18, 1995 at 9:00 a.m. at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, Canada.

STOCK EXCHANGE LISTING

Perfect Fry Corporation, symbol PNM, is listed on the Alberta Stock Exchange in Calgary, Alberta, Canada.

CHAIRMAN'S REPORT TO SHAREHOLDERS

In the past year Perfect Fry's focus was on building a basic marketing and distribution structure.

One year ago, in this report, we said that we expected for fiscal 1994: market expansion, more distributors, increased capacity to manufacture and ship, additional expertise on our Board of Directors, a substantial sales increase, and profitability. How did we do?

We expanded our markets to include all of Canada.

And we have entered the world's biggest market, the U.S.A. Entering the U.S.A. sounds simple, but it isn't. Commercial equipment that deep fries food must meet rigorous safety standards, especially the listing requirements of Underwriters Laboratories. Perfect Fry has passed those standards and has earned the UL listing. But it took time, resources, effort, expertise, diligence and patience. All of our people are commended for the way they pursued and achieved this major step on Perfect Fry's forward march.

Two important distributors have been added: Harlan Fairbanks Company, the largest food concession equipment supplier in Western Canada, and Fry Guy Inc. in the U.S.A. Fry Guy coordinates a network of independent food equipment dealers, and is putting together a marketing agreement with a major national food distributor.

Manufacturing capacity has been substantially increased to three times what it was a year ago.

Our Board now includes Mr. Jack Senior, President

of Speedi Gourmet Ltd. of Vancouver, a senior franchisee partner in both Baskin & Robbins and Orange Julius. We are fortunate to be able to draw on Mr. Senior's thirty years of very successful management experience in the fast food industry.

Sales in 1994 increased by more than 257%. We came very close to profitability but did not quite achieve it. We expect to report a profit in the first quarter of 1995.



Dale Morice, Chairman,
Board of Directors

In the year ahead Perfect Fry's focus will shift towards production capacity. During 1995 we expect to be selling to all regions of the U.S.A. and Canada, and our sales will be, to a large degree, a function of our ability to manufacture. Current monthly production capacity is about 90 units. We plan to increase it to about 200, financed mainly by additional equity capital.

Perfect Fry has exciting products and an action plan to be very successful in a growth industry. We sincerely thank our customers, distributors, suppliers and employees for their contributions to Perfect Fry's development. Together we can share the excitement and fulfilment of success in a competitive world.

A handwritten signature in dark ink, reading "Dale L. Morice".

Dale L. Morice
Chairman, Board of Directors

MARKET STATISTICS

4.7% INCREASE PROJECTED FOR U.S. FOOD & DRINK SALES IN 1995*

In 1995, food and drink sales will be a \$290 billion industry in the United States. Many of the sub-sectors which make up the industry, such as fast food outlets, bars, schools, etc. are all potential clients for Perfect Fry.

(* Source, U.S. Department of Agriculture).

FRENCH FRIES CONTINUE TO BE POPULAR IN AMERICA*

Hamburgers/cheeseburgers, french fries and pizzas are around the items ordered most frequently by the American public. French fries led the pack with 21.2% of eater occasions.

(* Source, National Restaurant Association).



SATISFACTION LEVEL INCREASES FOR FAST FOOD OUTLETS*

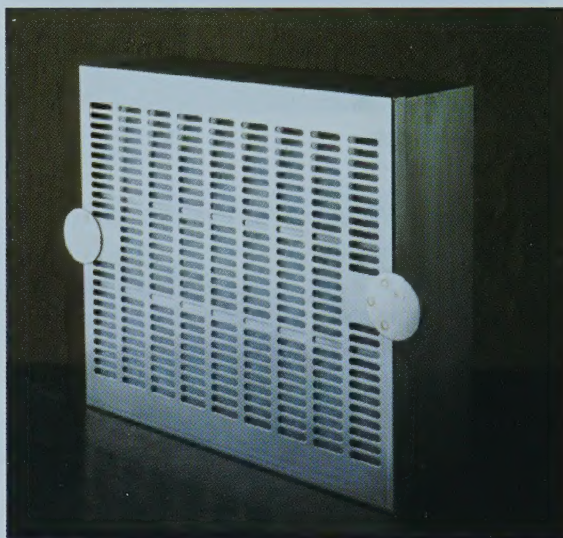
Based on such items as food quality, atmosphere, and variety, Americans surveyed between 1986 and 1991 reported on a very progressive satisfaction level with the fast food industry. Significant increases were found in the "convenience of not having to prepare", +8%, and "variety offered", +13% categories

(* Source, National Restaurant Association).

PERFECT FRY'S MULTI-USE FILTER

During the past year, we have entered negotiations with a number of North American business interests to develop alternate commercial uses for the Perfect Fry filter. Other sectors which could possibly use the filter are health care, dry cleaning, automotive shops and almost any business that needs air filtration.

Perfect Fry's filter is extremely well priced in



Perfect Fry 686 filter

the marketplace and has a proven efficiency and effectiveness.

Inchcape Testing Services, a division of Warnock Hersey Professional Services, the company which conducted laboratory tests on the Perfect Fry 686 filter, rated the filter in the venting system at a phenomenal 96.6 percent efficiency rating.

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCT

Perfect Fry manufactures compact, clean-air fast food deep fryers called "Perfect Fryers". They are low cost and easy to manufacture, transport and maintain. Slightly larger than a microwave oven, self-venting Perfect Fryers use the company's patented air filtration technology to filter exhaust air. A computerized system controls cooking cycles, temperatures and air flows. Perfect Fryers are perfectly suited to two types of location. One, where physical or economic limitations do not allow installation of bulky, costly air intake and exhaust vents; and, two, where compact, clean-air Perfect Fryers complement conventional vented deep fry systems by improving customer service.

Perfect Fryers and replacement air filters are sold, through distributors, to food concessions in multi-department stores, shopping malls, hospitals, airports, convention centres, sport and recreation outlets, bars and lounges, and convenience stores. In the ever expanding fast food industry, Perfect Fry has identified a North American marketing niche of more than 270,000 target locations, not including restaurants.

Clean air is a major environmental concern. Because Perfect Fry's patented air filtration technology appears to have much wider application than its present use, Perfect Fry is studying ways and means of marketing its low cost technology beyond the food industry.

OPERATIONAL HIGHLIGHTS

Three highlights of fiscal 1994. One, we now have a network of distributors from coast to coast in Canada. Two, Perfect Fryers have the coveted UL listing, opening the door for sales throughout North America. Three, we began selling into the U.S.A., the world's biggest market. We expect that U.S.A. sales will have a significant positive impact on our financial results for fiscal 1995.

RESULTS FROM OPERATIONS

In the year ended October 31, 1994, Sales increased 257% to \$560,000, very close to what was projected in the five-year Marketing Plan prepared in 1993. During the past year Perfect Fry changed the way it sells. Under our new policy, Sales are now direct to distributors who, in turn, sell Perfect Fry product to end users. Under our prior strategy, we marketed directly to end users. This change in marketing strategy, combined with our strong network of distributors, will help insure our 1995 sales goals. All of our costs and expenses have been as projected. Profitability, projected for the fourth quarter of 1994 will occur in the first quarter of 1995.

New capital totalling \$112,500 was raised from the issuance of common shares. Further working capital of \$146,000 was raised from a Western Economic Diversification interest free loan. Working capital was used to increase manufacturing capacity and inventory in anticipation of much higher sales.



Our Perfect Fry Model 686 has earned the UL Mark of Safety.

MANAGEMENT AND STAFF

Dale L. Morice, C.E.O.,
Chairman of the Board

A young growth company can benefit greatly from experienced leadership that knows the importance of solid financing and markets. Mr. Morice's experience includes more than 25 years in investment banking and real estate. He is also a director of Trinity Ventures Ltd. an Alberta Investment Company.



Left to right: P. Glenn Calderwood, Dale L. Morice,
Jack F. Senior, Gary G. Calderwood

Jack F. Senior, Director

Mr. Senior gives Perfect Fry the benefit of his more than 30 years very successful executive management and ownership experience in the fast food industry. He is President of Speedi Gourmet Ltd. of Vancouver and is a director of seven other companies involved in the manufacture and sale of fast foods. Speedi Gourmet operates more than 25 fast food outlets.

Gary G. Calderwood, C.M.A., Secretary Treasurer, Director

Mr. Calderwood is a Certified Management Accountant and B. Comm. He is Perfect Fry's Financial Controller and is responsible for information management systems. During his seven years with the Company and its predecessor, Mr. Calderwood has extensive on-the-job experience in many operational areas including product development and assembly.

P. Glenn Calderwood, Production Manager, Director

Mr. Calderwood is responsible for Perfect Fry's equipment, production, maintenance and customer training. For twenty years he has been a very successful business owner-manager in the retail field.

W. Michael DesBrisay,
Director of Sales

Mr. DesBrisay is responsible for Perfect Fry's sales and coast-to-coast network of distributors in Canada. He is a former Regional Sales Manager with one of Canada's premier nation-wide marketers, John Labatt Limited.



W. Michael DesBrisay,
Director of Sales



Bob Mack,
Customer Service Manager

Bob Mack,

Customer Service Manager

Mr. Mack's responsibilities at Perfect Fry include inventory management and distribution of Perfect Fryers. His 30 years experience in food merchandising and distribution ideally empower him to efficiently meet the needs of Perfect Fry's distributors and fast food retail customers.

EXPANDING ACROSS AMERICA

John Thomsen, President of Fry Guy in Las Vegas and Dale Morice, Chairman of Perfect Fry developed the distribution agreement which



Left to right: John Thomsen and Dale Morice

will result in placement of Perfect Fry 686 deep fryers in U.S. Walmart stores.

CANADIAN DISTRIBUTORS

Throughout 1994, Perfect Fry has ratified its distribution agreements with its Canadian distributors:

- British Columbia and Alberta
- Saskatchewan and Manitoba
- Ontario and Quebec
- Atlantic
- Harlan Fairbanks Co. Ltd.
- Green Valley Concessions
- Poppa Corn Co. Ltd.
- E.S. Mussett & Associates

WORLDWIDE STRATEGIC ALLIANCES

Perfect Fry continues to seek strategic business and distributor alliances around the world, especially in those countries which have a tradition of deep fried

fast foods. In 1994, Perfect Fry opened negotiations with possible distributors and joint venture partners in Europe, South American and Asia.

TO THE SHAREHOLDERS OF PERFECT FRY CORPORATION:

Management is responsible for the production of the Company's financial statements. Management believes that the financial statements fairly reflect the form and substance of transactions and that the financial statements reasonably present the Company's financial condition and results of operations in conformity with generally accepted accounting principles. Management has included in the Company's financial statements amounts based on estimates and judgements that it believes are reasonable under the circumstances.

The independent auditors appointed by the shareholders of the Company, have audited the Company's financial statements in accordance with generally accepted auditing standards and they provide an objective, independent review of the fairness of reported operating results and financial position.

The board of Directors of the company has an Audit Committee which meets with financial management and the independent auditors to review accounting, auditing, internal accounting controls and financial reporting matters.

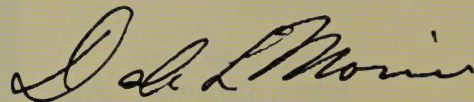
TO THE SHAREHOLDERS OF PERFECT FRY CORPORATION:

We have audited the consolidated balance sheet of Perfect Fry Corporation as at October 31, 1994 and the consolidated statements of earnings and retained earnings and changes in cash resources for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

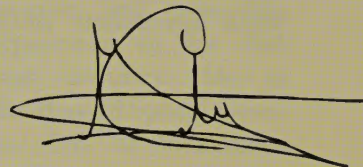
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at October 31, 1994 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles.

Perfect Fry Corporation 1994 Annual Report MANAGEMENT'S REPORT

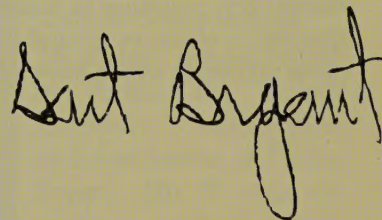


Dale L. Morice
Chairman of the Board



Gary R. Calderwood
Secretary Treasurer

AUDITORS' REPORT

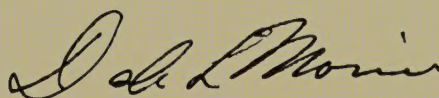


DART BRYANT
Chartered Accountants
Calgary, Alberta
March 2, 1995

PERFECT FRY CORPORATION
CONSOLIDATED BALANCE SHEET
OCTOBER 31, 1994

	1994	1993 (Note 2)
ASSETS		
CURRENT		
Cash	\$ 15,010	\$ 133,966
Accounts receivable (Note 3)	173,163	74,611
Inventories (Note 4)	322,880	97,589
Prepays	14,600	—
	<u>525,653</u>	<u>306,166</u>
 CAPITAL ASSETS (Note 5)	 45,366	 44,966
 PATENTS, PROCESSES AND OTHER (Note 6)	 <u>579,330</u>	 <u>560,065</u>
	<u><u>\$1,150,349</u></u>	<u><u>\$ 911,197</u></u>
LIABILITIES		
CURRENT		
Payables and accruals	\$ 149,773	\$ 106,813
Current portion of long term debt (Note 7)	3,484	6,649
	<u>153,257</u>	<u>113,462</u>
 LONG-TERM DEBT (Note 7)	 145,982	 3,484
 SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 8)	906,751	4,942,671
RETAINED EARNINGS (DEFICIT) (Note 8)	<u>(55,641)</u>	<u>(4,148,420)</u>
	<u>851,110</u>	<u>794,251</u>
	<u><u>\$1,150,349</u></u>	<u><u>\$ 911,197</u></u>

Subsequent events, commitments and contingency (Note 9,10 & 11)



Approved on behalf of the Board:

Director



Director

PERFECT FRY CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
YEAR ENDED OCTOBER 31, 1994

	1994	1993
SALES (Note 14)	\$ 559,903	\$ 217,665
COST OF PRODUCT SOLD	<u>299,353</u>	<u>94,759</u>
GROSS PROFIT	260,550	122,906
GENERAL EXPENSES		
Selling	113,377	132,451
Administration	119,361	58,652
Amortization • capital assets	7,966	5,791
• patents, processes and other	86,453	3,946
Interest on capital leases	<u>1,269</u>	<u>367</u>
	<u>328,426</u>	<u>201,207</u>
EARNINGS (LOSS) BEFORE OTHER INCOME	(67,876)	(78,301)
OTHER (Note 12)	<u>12,235</u>	<u>3,063</u>
EARNINGS (LOSS) • for the year	(55,641)	(75,238)
RETAINED EARNINGS (DEFICIT) • beginning of year	(4,148,420)	(4,073,182)
• reduction of stated		
capital (Note 8)	<u>4,148,420</u>	<u>—</u>
RETAINED EARNINGS (DEFICIT) • end of year (Note 9)	\$ <u>(55,641)</u>	\$ <u>(4,148,420)</u>
 Earnings (loss) per share (Note 8)	 (.01)	 (.01)

PERFECT FRY CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN CASH RESOURCES
YEAR ENDED OCTOBER 31, 1994

	1994	1993
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Earnings (loss) for the year	\$ (55,641)	\$ (75,238)
Items not affecting cash		
Amortization of capital assets	12,441	11,280
Amortization of patents, processes and other	86,453	3,946
Changes in non-cash working capital items	<u>(298,648)</u>	<u>(27,792)</u>
	(255,395)	(87,804)
FINANCING		
Increase in long term debt	142,498	3,484
Share subscriptions	<u>112,500</u>	<u>850,000</u>
	254,998	853,484
INVESTING		
Capital asset purchases	(14,741)	(7,034)
Proceeds on sale of capital assets	1,900	—
Investment in patents and processes	(45,141)	—
Investment in deferred development costs	(60,577)	(62,312)
Acquisition of subsidiary companies (Note 2)	<u>—</u>	<u>(562,526)</u>
	<u>(118,559)</u>	<u>(631,872)</u>
INCREASE (DECREASE) IN CASH	(118,956)	133,808
CASH, beginning of year	<u>133,966</u>	<u>158</u>
CASH, end of year	<u><u>\$ 15,010</u></u>	<u><u>\$ 133,966</u></u>

PERFECT FRY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 1994

1. ACCOUNTING POLICIES

a. Basis of Consolidation

The consolidated financial statements include the accounts of all subsidiary companies since the date of acquisition (Note 2).

b. Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method and includes material, direct labour and overhead.

c. Capital Assets

Capital assets are recorded at cost less government grants receivable. Gains or losses are recorded at the time of disposal. Amortization is provided as follows:

Office and equipment -- 20% to 30% declining balance basis

Leasehold improvements -- straight line basis over the term of the lease

Capital leases -- 30% declining balance basis

d. Patents and Processes

Patents and processes acquired are being amortized based on the greater of an expected units of sales basis or straight line over 10 years.

e. Development Costs

Development costs are expensed unless they meet specific criteria related to technical, market and financial feasibility, in which case they are recorded at cost, less government grants receivable, and are deferred and amortized to operations over 3 years.

f. Goodwill

Goodwill represents the excess purchase price paid on the acquisition of subsidiary companies over the value assigned to identifiable net assets and is being amortized on a straight line basis over a 10 year period.

g. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current years presentation.

2. ACQUISITION - 1993

On March 12, 1993 the Corporation acquired 100% of the issued and outstanding shares of Woodrose Holdings Ltd. and Perfect Fry Company Ltd. (formerly called Woodrose Industries Inc.) (collectively referred to as Woodrose) as well as all outstanding long term debt for \$555,000 (3,700,000 shares at \$.15), 1,000,000 share purchase warrants and costs of \$15,393. The acquisition has been accounted for as a purchase by the Corporation as Woodrose does not have, nor was it intended to have, the continuing ability to control the Corporation. The results of operations have been consolidated since acquisition. The allocation of the purchase price is summarized as follows;

Working capital, including cash of \$7,867	\$ 42,805
Property and equipment	25,889
Patents and processes	471,699
Goodwill	30,000
	<u>\$ 570,393</u>

3. ACCOUNTS RECEIVABLE

	1994	1993
Trade	\$ 137,163	\$ 38,611
Demand non-interest bearing note due from related party	36,000	36,000
	<u>\$ 173,163</u>	<u>\$ 74,611</u>

4. INVENTORIES

	1994	1993
Finished machines	\$ 174,604	\$ 36,311
Parts	130,181	52,415
Promotion materials	18,095	8,863
	<u>\$ 322,880</u>	<u>\$ 97,589</u>

PERFECT FRY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 1994

5. CAPITAL ASSETS

	1994			1993
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office and equipment	\$ 46,479	\$ 31,069	\$ 15,410	\$ 11,407
Leasehold improvements	16,585	7,603	8,982	4,847
Capital leases (Note 10)	13,518	5,904	7,614	10,877
Other assets (Note 12)	70,229	56,939	13,360	17,835
	<u>\$ 146,881</u>	<u>\$ 101,515</u>	<u>\$ 45,366</u>	<u>\$ 44,966</u>

6. PATENTS, PROCESSES AND OTHER

	1994			1993
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Patents and processes	\$ 516,840	\$ 54,943	\$461,897	\$ 469,053
Development costs	122,889	31,156	91,733	62,312
Goodwill	<u>30,000</u>	<u>4,300</u>	<u>25,700</u>	<u>28,700</u>
	<u>\$ 669,729</u>	<u>\$ 90,399</u>	<u>\$ 579,330</u>	<u>\$ 560,065</u>

Underwriters Laboratories (U.L.) approval was applied for and obtained in the year. The costs of re-engineering and testing of \$45,141 associated with this approval process have been deferred.

The Corporation has United States of America and Canadian patent approvals on its internally developed Perfect Fry mod-

els 686 and 1286. Development costs deferred during the year total \$60,577 and relate primarily to the development of the Perfect Fry Model 986 and to air filter products. Amortization of \$31,156 (1993-NIL) relating to development costs has been provided in the year.

7. LONG TERM DEBT

	1994	1993
Western Economic Diversification Program interest free loan repayable in four equal quarterly instalments of \$36,495 commencing September 30, 1996 with interest charged at prime plus 3% on late payments.	\$ 145,982	\$ —
Obligations under capital lease (Note 10)	<u>3,484</u>	<u>10,133</u>
	149,466	10,133
Principal included in current liabilities	<u>3,484</u>	<u>6,649</u>
	<u>\$ 145,982</u>	<u>\$ 3,484</u>

8. SHARE CAPITAL

a. Authorized

Unlimited number of Common Shares

Unlimited number of Preferred Shares

b. Issued

	Common Shares	Amount
October 31, 1993	8,153,648	\$ 4,942,671
Reduction of stated capital (c below)	—	(4,148,420)
Private placement (d below)	<u>300,000</u>	<u>112,500</u>
	<u>8,453,648</u>	<u>\$ 906,751</u>

PERFECT FRY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 1994

c. Reduction of Stated Capital

At the annual meeting held on April 28, 1994, the shareholders passed a special resolution reducing the stated capital of the issued and outstanding common shares by \$4,148,420.

d. Private Placement

On April 20, 1994, the Corporation completed a private placement of 300,000 common shares at \$.375 per share for total proceeds of \$112,500. Of the 300,000 shares issued, 100,000 were granted to officers and directors.

e. Warrants

540,000 warrants are outstanding as at October 31, 1994 and are exercisable at \$.25 per share until March 12, 1995, \$.32 per share thereafter to March 12, 1996 and \$.40 thereafter until March 12, 1997 after which the warrants expire.

f. Share Options

The following is a summary of stock options outstanding as at October 31, 1994.

Options	Details
75,000	Share options, exercisable at \$.30, expiring October 31, 1996.
75,000	Share options, exercisable at \$.17, expiring May 15, 1996, 50,000 of which can be exercised immediately with the remaining 25,000 becoming exercisable on May 15, 1995.
75,000	Share options were granted in the year to a director, exercisable at \$.375, expiring March 21, 1997, 25,000 of which can be exercised immediately with an additional 25,000 exercisable on each of the anniversary dates of March 21, 1995 and 1996.
75,000	Share options were granted in the year to employees, exercisable at \$.375, expiring July 20, 1998, with 25,000 exercisable on each of the anniversary dates of July 20, 1995, 1996 and 1997.
<u>300,000</u>	

No options were exercised in the year. 225,000 of the options outstanding have been granted to related parties.

g. Escrow Shares

A total of 2,200,000 shares issued in connection with the Woodrose Purchase (Note 2) are in Escrow to become free trading based on 1 share for every \$.25 of cash flow (net income plus amortization plus deferred tax) the corporation produces. Any shares not out of Escrow by March 12, 1998 will be cancelled.

h. Earnings Per Share

Earnings per share have been calculated using the weighted monthly average number of shares outstanding during the year. Fully diluted earnings per share are not materially different from basic earnings per share.

9. SUBSEQUENT EVENT

In February 1995, \$281,250 was received to complete a private placement for 375,000 shares and warrants at \$.75 per unit.

10. COMMITMENTS

a. Capital leases

The capital leases will be fully paid out in 1995 with payments of \$3,705 which include interest of \$221.

b. Operating leases

The company is committed to facility lease payments of \$1,500 per month plus operating costs until January 31, 1999.

11. CONTINGENCY

A lawsuit totalling \$23,500 has been filed by a former director. While the outcome of this lawsuit is presently not determinable, management has been advised by its legal counsel and is of the opinion that the Corporation has a strong defence to the claim.

12. OTHER INCOME

Other income (Gross \$22,043; 1993, \$35,179) arises from joint venture working interests in producing oil and gas properties which have been recorded on the successful efforts method of accounting (Other assets, Note 5) and has been determined after deducting \$4,475 (1993, \$5,489) for depletion expense. These operations are not expected to be significant to the ongoing business of the Corporation.

13. LOSS CARRY-FORWARDS

The Corporation has available losses and balances for income tax purposes which may be carried forward to reduce taxable income in future years consisting of:

Non-capital losses of \$1,280,000 expire in; 1995 - \$50,000, 1996 - \$325,000, 1997 - \$40,000, 1999 - \$140,000, 2000 - \$355,000 and 2001 - \$370,000.

Amounts expensed in financial statements but not yet claimed for income tax purposes total \$1,700,000.

Unused investment tax credits of \$27,000 and allowable capital losses of \$280,000.

The potential benefit of these losses, balances and credits have not been recognized in the financial statements.

14. EXPORT SALES

Sales include \$67,000 (1993 - NIL) to customers in the United States.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Dale L. Morice
Chairman
Perfect Fry Corporation

Gary G. Calderwood
Secretary Treasurer
Perfect Fry Corporation

P. Glenn Calderwood
Production Manager
Perfect Fry Corporation

Jack F. Senior
President
Speedi Gourmet Ltd.
Vancouver, B.C.

OFFICERS

Dale L. Morice - Chairman
Board of Directors

Gary G. Calderwood CMA
Secretary Treasurer

AUDITORS

Dart Bryant
Chartered Accountants
404 13th Avenue N.E.
Calgary, Alberta
T2E 1C2

TRANSFER AGENT

Montreal Trust
411 - 8th Avenue S.W.
Calgary, Alberta
T2P 1E7

LEGAL COUNSEL

Macleod Dixon
3700, 400 - 3rd Avenue S.W.
Calgary, Alberta
T2P 4H2

HEAD OFFICE

615 - 71 Avenue S.E.
Calgary, Alberta
T2H OS7

Telephone: (403) 255-7712
Fax: (403) 255-1725
Toll Free: (800) 265-7711

SHAREHOLDER RELATIONS

Dale L. Morice - Chairman
Board of Directors

STOCK EXCHANGE LISTING

The Alberta Stock Exchange
Symbol: PNM

As of October 31, 1994 there were
8,453,648 shares issued and out-
standing.



Perfect Fry management and staff

PERFECT FRY
ANNUAL REPORT 1994
CORPORATION

PRINTED IN CANADA

